

SENATE BILL NO. 12

INTRODUCED BY D. STEINBEISSER

A BILL FOR AN ACT ENTITLED: "AN ACT INCLUDING THE ACCUMULATED INTEREST EARNED ON THE PORTION OF OIL AND NATURAL GAS PRODUCTION TAXES ALLOCATED TO COUNTIES IN THE DISTRIBUTION OF THOSE TAXES; AMENDING SECTIONS 15-36-331 AND 15-36-332, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-36-331, MCA, is amended to read:

"15-36-331. Distribution of taxes. (1) (a) For each calendar quarter, the department shall determine the amount of tax, late payment interest, and penalties collected under this part.

(b) For the purposes of distribution of oil and natural gas production taxes to county and school district taxing units under 15-36-332 and to the state, the department shall determine the amount of oil and natural gas production taxes paid on production in the taxing unit.

(2) (a) The amount of oil and natural gas production taxes collected for the privilege and license tax pursuant to 82-11-131 must be deposited, in accordance with the provisions of 17-2-124, in the state special revenue fund for the purpose of paying expenses of the board, as provided in 82-11-135.

(b) The amount of the tax for the oil, gas, and coal natural resource account established in 90-6-1001 must be deposited in the account.

(3) (a) For each tax year, the amount of oil and natural gas production taxes determined under subsection (1)(b), plus accumulated interest on that amount, is allocated to each county according to the following schedule:

Big Horn	45.05%
Blaine	58.39%
Carbon	48.27%
Chouteau	58.14%
Custer	69.53%
Daniels	50.81%

1	Dawson	47.79%
2	Fallon	41.78%
3	Fergus	69.18%
4	Garfield	45.96%
5	Glacier	58.83%
6	Golden Valley	58.37%
7	Hill	64.51%
8	Liberty	57.94%
9	McCone	49.92%
10	Musselshell	48.64%
11	Petroleum	48.04%
12	Phillips	54.02%
13	Pondera	54.26%
14	Powder River	60.9%
15	Prairie	40.38%
16	Richland	47.47%
17	Roosevelt	45.71%
18	Rosebud	39.33%
19	Sheridan	47.99%
20	Stillwater	53.51%
21	Sweet Grass	61.24%
22	Teton	46.1%
23	Toole	57.61%
24	Valley	51.43%
25	Wibaux	49.16%
26	Yellowstone	46.74%
27	All other counties	50.15%

28 (b) The oil and natural gas production taxes and accumulated interest allocated to each county must be
29 deposited in the state special revenue fund and transferred to each county for distribution, as provided in
30 15-36-332.

(4) The department shall, in accordance with the provisions of 17-2-124, distribute the state portion of oil and natural gas production taxes remaining after the distributions pursuant to subsections (2) and (3) as follows:

(a) for each fiscal year through the fiscal year ending June 30, 2011, to be distributed as follows:

(i) 1.23% to the coal bed methane protection account established in 76-15-904;

(ii) 1.45% to the natural resources projects state special revenue account established in 15-38-302;

(iii) 1.45% to the natural resources operations state special revenue account established in 15-38-301;

(iv) 2.99% to the orphan share account established in 75-10-743;

(v) 2.65% to the state special revenue fund to be appropriated to the Montana university system for the purposes of the state tax levy as provided in 20-25-423; and

(vi) all remaining proceeds to the state general fund;

(b) for fiscal years beginning after June 30, 2011, to be distributed as follows:

(i) 2.16% to the natural resources projects state special revenue account established in 15-38-302;

(ii) 2.02% to the natural resources operations state special revenue account established in 15-38-301;

(iii) 2.95% to the orphan share account established in 75-10-743;

(iv) 2.65% to the state special revenue fund to be appropriated to the Montana university system for the purposes of the state tax levy as provided in 20-25-423; and

(v) all remaining proceeds to the state general fund."

Section 2. Section 15-36-332, MCA, is amended to read:

"15-36-332. Distribution of taxes to taxing units -- appropriation. (1) (a) By the dates referred to in subsection (6), the department shall distribute oil and natural gas production taxes and accumulated interest allocated under 15-36-331(3) to each eligible county.

(b) By the dates referred to in subsection (6), the department shall distribute the amount deposited in the oil, gas, and coal natural resource account under 15-36-331(2)(b) as provided in subsection (8) of this section.

(2) (a) Each county treasurer shall distribute the amount of oil and natural gas production taxes and accumulated interest designated under subsection (1)(a), including the amounts referred to in subsection (2)(b), to the countywide elementary and high school retirement funds, countywide transportation funds, and eligible school districts according to the following schedule:

Elementary

High School

Countywide

School

		Retirement	Retirement	Transportation	Districts
1					
2	Big Horn	14.81%	10.36%	2.99%	26.99%
3	Blaine	5.86%	2.31%	2.71%	24.73%
4	Carbon	3.6%	6.62%	1.31%	49.18%
5	Chouteau	8.1%	4.32%	3.11%	23.79%
6	Custer	6.9%	3.4%	1.19%	31.25%
7	Daniels	0	7.77%	3.92%	48.48%
8	Dawson	5.53%	2.5%	1.11%	35.6%
9	Fallon	0	7.63%	1.24%	42.58%
10	Fergus	7.88%	4.84%	2.08%	53.25%
11	Garfield	4.04%	3.13%	5.29%	26.19%
12	Glacier	11.2%	4.87%	3.01%	46.11%
13	Golden Valley	0	11.52%	2.77%	54.65%
14	Hill	6.7%	4.07%	1.59%	49.87%
15	Liberty	4.9%	4.56%	1.15%	35.22%
16	McCone	4.18%	3.19%	2.58%	43.21%
17	Musselshell	5.98%	4.07%	3.53%	32.17%
18	Petroleum	0	11.92%	4.59%	55.48%
19	Phillips	0.43%	6.6%	1.08%	41.29%
20	Pondera	6.96%	5.06%	1.94%	45.17%
21	Powder River	3.96%	2.97%	4.57%	22.25%
22	Prairie	0	8.88%	1.63%	36.9%
23	Richland	4.1%	3.92%	2.26%	43.77%
24	Roosevelt	9.93%	7.37%	2.74%	40.94%
25	Rosebud	3.87%	2.24%	1.05%	72.97%
26	Sheridan	0	3.39%	2.22%	47.63%
27	Stillwater	6.87%	4.86%	1.63%	41.16%
28	Sweet Grass	6.12%	6.5%	2.4%	37.22%
29	Teton	6.88%	8.19%	3.8%	29.43%
30	Toole	2.78%	4.78%	1.3%	43.56%

1	Valley	2.26%	12.61%	4.63%	41.11%
2	Wibaux	0	4.1%	0.77%	31.46%
3	Yellowstone	7.98%	4.56%	1.07%	52.77%
4	All other counties	3.81%	7.84%	1.81%	41.04%

5 (b) (i) The county treasurer shall distribute 9.8% of the Custer County share to the countywide community
6 college district in Custer County.

7 (ii) The county treasurer shall distribute 14.5% of the Dawson County share to the countywide community
8 college district in Dawson County.

9 (3) The remaining oil and natural gas production taxes and accumulated interest for each county must
10 be used for the exclusive use and benefit of the county, including districts within the county established by the
11 county.

12 (4) (a) The county treasurer shall distribute oil and natural gas production taxes and accumulated interest
13 to school districts in each county referred to in subsection (2) as provided in subsections (4)(b) through (4)(d).

14 (b) The amount distributed to each K-12 district within the county is equal to oil and natural gas
15 production taxes in the county multiplied by the ratio that oil and natural gas production taxes attributable to oil
16 and natural gas production in the K-12 school district bear to total oil and natural gas production taxes attributable
17 to total oil and natural gas production in the county and multiply that amount by the school district percentage
18 figure for the county referred to in subsection (2)(a). The percentage of accumulated interest on the amount
19 calculated must be distributed along with the oil and natural gas production taxes.

20 (c) For the amount to be distributed to each elementary school district and to each high school district
21 under subsection (4)(d), the department shall first determine the amount of oil and natural gas taxes in the high
22 school district that is attributable to oil and natural gas production in each elementary school district that is located
23 in whole or in part within the exterior boundaries of a high school district and multiply that amount by the school
24 district percentage figure for the county referred to in subsection (2)(a).

25 (d) (i) The amount distributed to each elementary school district that is located in whole or in part within
26 the exterior boundaries of a high school district is equal to the amount determined in subsection (4)(c) multiplied
27 by the ratio that the total mills of the elementary school district bear to the sum of the total mills of the elementary
28 school district and the total mills of the high school district.

29 (ii) The amount distributed to the high school district is equal to the amount determined in subsection
30 (4)(c) multiplied by the ratio that the total mills of the high school district bear to the sum of the total mills of each

1 elementary school district referred to in subsection (4)(c) and the total mills of the high school district.

2 (5) (a) Oil and natural gas production taxes calculated for each school district under subsections (4)(b)
3 through (4)(d) must be distributed to each school district in the relative proportion of the mill levy for each fund.

4 (b) If a distribution under subsection (5)(a) exceeds the total budget for a school district fund, the board
5 of trustees of an elementary or high school district may reallocate the excess to any budgeted fund of the school
6 district.

7 (6) The department shall remit the amounts to be distributed in this section to the county treasurer by
8 the following dates:

9 (a) On or before August 1 of each year, the department shall remit to the county treasurer oil and natural
10 gas production tax payments received for the calendar quarter ending March 31 of the current year and
11 accumulated interest on those payments.

12 (b) On or before November 1 of each year, the department shall remit to the county treasurer oil and
13 natural gas production tax payments received for the calendar quarter ending June 30 of the current year and
14 accumulated interest on those payments.

15 (c) On or before February 1 of each year, the department shall remit to the county treasurer oil and
16 natural gas production tax payments received for the calendar quarter ending September 30 of the previous year
17 and accumulated interest on those payments.

18 (d) On or before May 1 of each year, the department shall remit to the county treasurer oil and natural
19 gas production tax payments received for the calendar quarter ending December 31 of the previous year and
20 accumulated interest on those payments.

21 (7) The department shall provide to each county by May 31 of each year the amount of gross taxable
22 value represented by all types of production taxed under 15-36-304 for the previous calendar year multiplied by
23 60%. The resulting value must be treated as taxable value for county classification purposes under 7-1-2111.

24 (8) The department shall distribute the funds received under 15-36-331(2)(b) to counties based on
25 county oil and gas production. Of the distribution to a county, one-third must be distributed to the county
26 government and two-thirds must be distributed to incorporated cities and towns within the county. If there is more
27 than one incorporated city or town within the county, the city and town allocation must be distributed to the cities
28 and towns based on their relative populations.

29 (9) The distributions to taxing units and to counties and incorporated cities and towns under this section
30 are statutorily appropriated, as provided in 17-7-502, from the state special revenue fund."

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2 NEW SECTION. **Section 3. Effective date.** [This act] is effective July 1, 2009.

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4 NEW SECTION. **Section 4. Applicability.** [This act] applies to interest earned on oil and gas production

5 taxes on or after July 1, 2009.

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